

(Unofficial/Convenience EN translation)

CONTRACT ON THE TERMS AND THE MANNER OF PARTICIPATION IN THE ELECTRICITY MARKET

SIGNED BETWEEN:

**MEMO DOOEL Skopje
AND**

January 2020

Pursuant to the Law on Energy ("Official Gazette of the Republic of Macedonia" no. 96/2018 and "Official Gazette of the Republic of North Macedonia" no. 96/2019), the Electricity Market Rules ("Official Gazette of the Republic of Macedonia" no. 173/18, 222/18, 241/18, 65/19, 137/19, and 279/19) and the Law on Obligations ("Official Gazette of the Republic of Macedonia" No. 18/2001, 4/2002, 5/2003, 84/2008, 81/2009, 161/2009, and 123/2013) the following is concluded:

Contract on the terms and manner of participation in the electricity market

Between

National Electricity Market Operator, MEMO DOOEL Skopje str. "Maksim Gorki no. 4, 1000 Skopje, License holder for performing Energy Activity, Organization and Management of the Electricity Market UP1 no.12-15/19 from 25.09.2019, represented by Simon Sutinowski, Manager of the MEMO DOOEL - SKOPJE.

Bank account 300000004274438

UINE: 7309724,

UTN: MK4080018576790

And

Company for -----, represented by -----
-----,

UINE:-----

UTN: -----

Bank / Bank account : -----

I. GENERAL PROVISIONS

Article 1

The Contract on the terms and manner of participation in the electricity market (hereinafter the Contract) shall regulate the mutual rights and obligations between the MEMO DOOEL Skopje as the Electricity Market Operator (hereinafter the EMO) and the Electricity Market Participant (hereinafter MP), which is the holder of respective licenses for performing energy activities related to electricity, and consumers entitled to the right to independently participate in the electricity market according to the Law, and shall refer to: entry of the Market Participant in the Register of participants in the electricity market, the right to participate in the Electricity Market in the R. North Macedonia, termination of the registration agreement, as well as other issues in accordance with the Law on Energy, the Electricity Market Rules, and the provisions of this Contract.

II. SUBJECT OF THE CONTRACT

Article 2

The subject of this Contract shall be the definition of the rights and obligations of the participant in the Wholesale Electricity Market, in accordance with the Law on Energy, and the Electricity Market Rules.

The procedure for registration of participation in the electricity market shall be in accordance with the Electricity Market Rules.

This Contract shall be concluded on the basis of the submitted written Application (MPRA) no. --- year for registration of a participant in the electricity market which shall contain all relevant data, documents for the market participant, and shall be an integral part of the Conclusion for completion / orderliness of documents no. ----- year, in accordance with the Electricity Market Rules.

III. RIGHTS AND OBLIGATIONS OF THE CONTRACTING PARTIES

Article 3

With the entry into force of this Contract, the Electricity Market Participant shall undertake to fully accept the Law on Energy, and all bylaws arising from thereof.

Article 4

The Market Participant shall participate in the electricity market with a valid license for performing energy activity issued by the Energy and Water Services Regulatory Commission of the Republic of North Macedonia (hereinafter ERC), a Decision for entry in the Register of Foreign Traders and Suppliers of Electricity, or without a license if it shall be a consumer entitled to the right to independently participate in the electricity market, in accordance with the Electricity Market Rules.

Article 5

By signing this Contract, the Market Participant shall undertake financial responsibility for the impact of its activities on the electricity market.

Article 6

Upon entry into force of this Contract, the Market Participant receives an identification number, under which the EMO shall make the entry in the Register of Electricity Market Participants, and shall acquire the status of MP thereof.

Article 7

With the entry into force of this Contract, the MP shall acquire the right to participate in the Electricity Market with bilateral agreements.

Article 8

The Market Participant shall be obliged, at the request of EMO, to submit copies of all concluded bilateral agreements for purchase and sale of electricity.

Article 9

The EMO shall be obliged to ensure non-discriminatory access of the MP to the electricity market.

Article 10

The EMO shall be obliged to ensure confidentiality of commercial and business data deriving from the concluded contracts of the Market Participant, except for the data that EMO shall be obliged to submit to the ERC, and other institutions pursuant to the license.

IV. TERMINATION OF THE CONTRACT

Article 11

The EMO shall be entitled to the right to terminate this Contract immediately, if it shall determine existence of: false representations, submission of inaccurate or incorrect information, improper operation, repeated violations or material breaches of obligations by the Electricity Market Participant, established by the Electricity Market Rules.

Article 12

The Market Participation Contract shall cease to be valid:

- 1) after the expiration of the license of the Market Participant,
- 2) upon an accepted request for withdrawal from the market,
- 3) if the Market Participant shall fail to regulate the balance responsibility in accordance with the Market Rules, and the Balance Rules,
- 4) if the EMO shall impose a suspension twice during the 18 months or a total of three times during the period while the Contract for participation in the electricity market is active,
- 5) by deleting the Market Participant from the Trade Register or the register of other legal entities,
- 6) if the consumer shall cease to meet the conditions for an independent participation in the market,
- 7) if the Market Participant shall acquire the status of a preferential producer with a preferential tariff for production of electricity from renewable energy sources;
- 8) termination by the EMO in accordance with Article 17 of this Contract.

The Market Participant shall immediately notify EMO when a bankruptcy or liquidation procedure is initiated against him.

Article 13

The termination of this Contract shall not acquit the Electricity Market Participant from the obligations, and compensation for damages incurred in accordance with the laws and bylaws, and the Market Rules, as well.

The EMO shall inform the Transmission System Operator (hereinafter TSO), the Distribution System Operator (hereinafter the DSO) and the Balancing Responsible Party (hereinafter BRP) of the balancing group to which the Electricity Market Participant was part of, for the decision on termination of the Contract.

The EMO, within one (1) day from the termination of this Contract, shall submit a notification to the participant, and shall publish on its website the name of the participant.

Article 14

If this Contract shall cease to be valid on the basis of a Decision by the EMO, the market participant may submit an objection to the ERC, within fifteen (15) days from the date of receipt of the Decision.

The objection from paragraph 1 of this article shall not postpone the Decision of EMO for termination of this Contract.

The Decision by the ERC shall be final.

V. FINANCIAL SECURITY (INSURANCE)

Article 15

Shall refer to Electricity Market Participants which in accordance with the Electricity Market Rules shall be obliged to pay a fee for the use of the electricity market, as well as to the Electricity Market Participants which shall be obliged to purchase electricity produced by the Preferential Electricity Producer with Preferential Tariff (hereinafter PEPPT).

- 1) The contracting parties agree that the Electricity Market Participant shall be obliged to purchase electricity produced by the PEPPT, in accordance with the Electricity Market Rules.
- 2) The Electricity Market Participant shall agree to be invoiced by the EMO for the purchased electricity, produced by the PEPPT, at an average price calculated in accordance with the Electricity Market Rules.
- 3) The EMO shall submit an invoice to suppliers and traders for the purchased electricity from the Market Operator, produced by the PEPPT, up to the 7th (seventh) working day of the month for the previous month.
- 4) The Market Participant shall be obliged to pay the received invoice no later than the 14th of the month for the previous month.
- 5) If the due date of the invoice coincides with a non-working day, the Market Participant shall be obliged to pay the received invoice no later than the next working day.
- 6) For untimely settlement of the invoice, the EMO shall calculate the legal penalty interest, in accordance with the Law on Obligations.

Article 16

The Electricity Market Participant shall agree with EMO to invoice a fee for the use (usage fee) of the Electricity Market, for the amount of electricity intended for consumers in the Republic of North Macedonia they have concluded contracts for supply or sale of electricity.

- 1) If the Electricity Market Participant shall be a consumer procuring electricity from the EP or the organized electricity market or from an electricity supplier or trader from another country, shall be obliged to pay a fee for using the Electricity Market for the quantity of electricity procured.
- 2) If the Electricity Market Participant shall be an operator of the electricity transmission system or an operator of the electricity distribution system, shall be obliged to pay a fee for using the electricity market for the purchased quantity of electricity to cover electricity losses.
- 3) The EMO shall calculate the market usage fee based on the nominated and accepted transactions, and by applying the published tariff, previously approved by the Energy Regulatory Commission.
- 4) The EMO shall submit to the Market Participant an invoice for the use of the electricity market, based on the nominated and accepted transactions for the previous month by the 7th (seventh) working day in the current month for the previous month.
- 5) The Market Participant shall be obliged to pay the received invoice no later than the 14th of the month for the previous month.
- 6) If the due date of the invoice coincides with a non-working day, the Market Participant shall be obliged to pay the received invoice no later than the next working day.
- 7) For untimely settlement of the invoice, the EMO shall calculate the legal penalty interest, in accordance with the Law on Obligations.

Article 17

- (1) The Electricity Market Participant shall undertake to provide the EMO with a financial guarantee in the form of a bank guarantee, and/or deposited funds, and/or a Bill of Exchange which shall guarantee timely and regular payment of the obligations arising from this Contract.
- (2) The Market Participant who shall provide financial security through a Bill of Exchange, shall be obliged to submit a request for approval to the EMO in advance.
- (3) The EMO within 3 (three) working days shall respond with a positive or negative response to the request for a financial security based on the Bill of Exchange
- (4) The amount of the financial guarantee should cover at least two, not more than three average monthly forecasted amounts for the usage fee of the Electricity Market, and a minimum of two, and a maximum of three average monthly forecasted amounts for the purchased electricity from the Market Operator, produced by the PEPPT, based on a methodology established by the EMO.
- (5) The EMO shall calculate the amount, and shall determine the type of financial security for the usage fee of the Electricity Market, and for the purchase of electricity produced by the PEPPT, based on the forecasted and nominated quantities of the Market Participant for supply, sale to final consumers, and coverage of losses, as well as on the basis of timely fulfillment of the monetary obligation after the issued invoices.

- (6) If the Electricity Market Participant shall plan to increase the electricity supply by at least 10 percent of the pre-determined amount used as the basis for calculating the bank guarantee, shall be obliged to notify the EMO 15 days in advance, and the EMO shall calculate a new bank guarantee.
- (7) The EMO shall be entitled to increase the amount of financial security (insurance) in case shall perceive that the Market Participant has increased the supply based on the data obtained from trade transactions.
- (8) The EMO may reduce the amount of financial security (insurance), at the request of the Market Participant, if it deems that there are justified reasons in terms of the amount of electricity relevant to the calculation of the guarantee.
- (9) The EMO shall be entitled to the right to activate the financial security (insurance) if the Market Participant shall fail to comply with the obligations, and payment deadlines defined within this Contract.
- (10) Before initiating the procedure for activating the financial security (insurance), the EMO shall be obliged to submit a written warning to the Market Participant stating the reasons for the warning, and the deadlines by which the Market Participant should remove the reasons the warning was issued.
- (11) If the Market Participant shall fail to remove the reasons stated in the warning within the defined deadlines, the EMO shall initiate a procedure for activation of the financial security (insurance).
- (12) The EMO may terminate the procedure for activation of the financial security (insurance) if the Market Participant shall completely remove the reasons stated in the warning referred to in paragraph 10 of this Article, in the period of the ongoing procedure.
- (13) The EMO may temporarily suspend, i.e., put on standby the procedure for activation of the financial security (insurance) if the Market Participant shall partially remove the reasons stated in the warning referred to in paragraph 11 of this Article, in the period of the ongoing procedure, i.e., settles at least 1/2 (one half) of the liabilities, whereas a notification shall be sent to the participant. In the notification for temporary suspension of the procedure, the EMO shall define the deadlines for settlement of other obligations.
- (14) If the Market Participant shall fail to respect the deadlines stated in the notification for temporary suspension of the procedure, the EMO shall continue the procedure for activation of the financial security (insurance).
- (15) If the financial security shall be partially or fully used, it shall be requisite within 5 (five) working days from the day of partial or full payment of the amount, the Market Participant to provide new financial security or supplement up to the amount of the used part.
- (16) If the Electricity Market Participant shall fail to renew the financial security within the deadline referred to in paragraph 15 of this Article, the EMO shall make a Decision on suspension of the Electricity Market Participant.
- (17) The rights and obligations after the Bill of Exchange shall be regulated by an executive clause in a separate Annex to the Agreement.

VI. TRANSITIONAL AND FINAL PROVISIONS

Article 18

This Agreement enters into force on _____ year, and is valid until 30.09.2029, in accordance with the validity of the license for Electricity Market Operator.

The Electricity Market Participant, for the entire period from the submission of the Application for registration in the Electricity Market, until the termination of the validity of this Contract, shall remain under full criminal, material and moral responsibility for the reliability of all data and documents submitted to the EMO.

For all not covered and regulated by this Contract, the relevant provisions in accordance with the Law shall be applied.

- (1) The nullity of certain provisions of the Contract in accordance with the Law shall not mean the nullity of the Agreement itself.
- (2) By concluding this Contract, the validity of the Contract for participation in the electricity market with archive number _____ shall cease (*optionally, in case the Contract is new, this Article is deleted).
- (3) The Contracting Parties shall agree that this Contract fully represents their obligations, and it is signed by their authorized representatives in 4 (four) original copies - two for each Contracting Party.

An integral part of this Agreement is:

- Market Participant Registration Application (Form MPRA)
- Conclusion on the completion / orderliness of EMO documents

For MEMO DOOEL

Manager

Simon Shutinoski